

**City University of Hong Kong
Course Syllabus**

**offered by Department of Economics and Finance
with effect from Semester A 2017 /18**

Part I Course Overview

Course Title:	International Finance
Course Code:	EF5043
Course Duration:	1 semester (39 hours)
Credit Units:	3
Level:	P5
Medium of Instruction:	English
Medium of Assessment:	English
Prerequisites: <i>(Course Code and Title)</i>	Nil
Precursors: <i>(Course Code and Title)</i>	Nil
Equivalent Courses: <i>(Course Code and Title)</i>	Nil
Exclusive Courses: <i>(Course Code and Title)</i>	Nil

Part II Course Details

1. Abstract

This course explores the characteristics of international financial markets and their role in affecting international investment decisions. In particular, the first part of the course focuses on the analysis of the main features of foreign exchange (FX) markets and introduces the main frameworks used to model and forecast exchange rates. Then, the second part of the course explores the design and management of international portfolios of equities. This analysis is extended to cover both strategic and tactical allocation concepts and a brief introduction to FX risk management.

2. Course Intended Learning Outcomes (CILOs)

(CILOs state what the student is expected to be able to do at the end of the course according to a given standard of performance.)

No.	CILOs	Weighting (if applicable)	Discovery-enriched curriculum related learning outcomes (please tick where appropriate)		
			A1	A2	A3
1.	Understand FX markets, their structure, institutional characteristics and their instruments. Derive the international parity conditions that link national exchange rates, interest rates, and price levels and apply them to forecast and explain exchange rate movements..	40%	√	√	
2.	Value international equities, construct and manage portfolio of international securities.	40%	√	√	√
3.	Set up investment strategies in the context of international portfolios.	20%	√	√	
		100%			

A1: Attitude

Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.

A2: Ability

Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to self-life problems.

A3: Accomplishments

Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.

3. Teaching and Learning Activities (TLAs)

(TLAs designed to facilitate students' achievement of the CILOs.)

TLA	Brief Description	CILO No.			Hours/week(if applicable)
		1	2	3	
Lectures	The lectures encourage students to think critically and logically by interactively discussing the main issues. Real-world examples are discussed in the lectures to help students understand the current the global macroeconomic issues through the lenses of the theoretical and empirical framework proposed in the literature.	√	√	√	
In-class discussions	In-class exercises will be discussed. Students will get a better understanding of the essential materials by interpreting what they learn from the lecture.	√	√	√	
Coursework and Final Examination	Both final exam and coursework test students' ability to understand, discover and innovate. Students will have to demonstrate to be able to master not only the details of the quantitative frameworks discussed in the course but also the big picture of what they learn.	√	√	√	

4. Assessment Tasks/Activities (ATs)

(ATs are designed to assess how well the students achieve the CILOs.)

Assessment Tasks/Activities	CILO No.			Weighting	Remarks
	1	2	3		
Continuous Assessment: 30%					
Coursework	√	√	√	30%	
Examination: 70% (duration: 2 hours)					
Final Exam	√	√	√	70%	
				100%	

5. Assessment Rubrics

(Grading of student achievements is based on student performance in assessment tasks/activities with the following rubrics.)

Assessment Task	Criterion	Excellent (A+, A, A-)	Good (B+, B, B-)	Fair (C+, C, C-)	Marginal (D)	Failure (F)
1. Coursework		Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of subject matter; evidence of extensive knowledge base.	Evidence of grasp of subject, some evidence of critical capacity and analytic ability; reasonable understanding of issues; evidence of familiarity with literature.	Student who is profiting from the university experience; understanding of the subject; ability to develop solutions to simple problems in the material.	Sufficient familiarity with the subject matter to enable the student to progress without repeating the course.	Little evidence of familiarity with the subject matter; weakness in critical and analytic skills; limited, or irrelevant use of literature.
2. Final Examination						

Part III Other Information (more details can be provided separately in the teaching plan)

1. Keyword Syllabus

Domestic and International Financial Markets, Purchasing Power Parity, Interest Rate Parity, Equity Valuation, Currency and Interest Rate Futures, Currency and Currency Futures Options, Currency and Interest Rate Swaps, Management of Foreign Exchange Risk Exposure

2. Reading List

2.1 Compulsory Readings

(Compulsory readings can include books, book chapters, or journal/magazine articles. There are also collections of e-books, e-journals available from the CityU Library.)

1.	Geert Bekaert and Robert Hodrick (2014), <i>International Financial Management</i> , 2 nd Edition, Pearson
2.	Bruno Solnik and Dennis McLeavey (2004), <i>International Investments</i> , 5 th Edition, Pearson-Addison Wesley
2.	Journal articles, instructor's notes and other material

2.2 Additional Readings

(Additional references for students to learn to expand their knowledge about the subject.)

1.	Nil
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